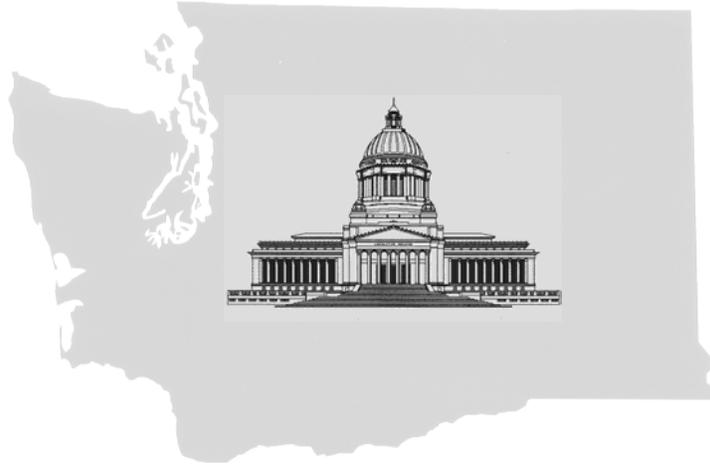


**State of Washington  
Joint Legislative Audit and Review Committee (JLARC)**



**Welfare Reform and WorkFirst  
The Challenges of Finding and Keeping a Job**

**Briefing Report 01-5**

**June 27, 2001**

*Upon request, this document is available in alternative  
formats for persons with disabilities.*

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## **PART 1**

Welfare Reform and WorkFirst:  
The Challenges of Finding and Keeping a Job



## WELFARE REFORM AND WORKFIRST

BRIEFING REPORT 01-5

REPORT DIGEST

JUNE 27, 2001



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## WELFARE REFORM AND WORKFIRST The Challenges Of Finding And Keeping A Job

Since the inception of WorkFirst in 1997, JLARC has evaluated the implementation and impacts of Washington's welfare reform. Over the course of the evaluation, we have learned that welfare reform efforts—such as WorkFirst—are complicated, complex undertakings involving many state and local agencies as well as community services providers and private-sector employees.

While we appreciate the diverse nature of WorkFirst, we can still describe it as consisting of three major and interrelated components: finding employment, staying employed, and the assistance required to support the first two.

From the earliest stages of the evaluation, we learned that WorkFirst has been successful in moving clients into jobs and substantially reducing the welfare caseload. This step is significant: research shows that an attachment to the labor force is the **strongest** predictor of a client's ability to leave welfare and stay off.

The second and perhaps more important component of WorkFirst involves staying employed. Here we initially found that the "post-employment" services designed to help clients keep jobs and earn more money required substantial changes. We also found that many clients simply do not participate in these services.

Our most recently completed analysis found that clients using post-employment services fared better by earning more money than those who did not. Since we now know that the services work, the challenge will continue to be getting clients to participate.

### WHO REMAINS?

We know that welfare caseloads are about one-half of what they were in the early nineties. More recently, information has started to emerge on the remaining caseload and what services have the most impact on welfare recipients getting jobs and keeping jobs. Three trends stand out in their importance to policy makers:

- 1) Welfare clients are **not** harder-to-employ now than when welfare reform began.
- 2) Work experience makes people employable: the more you work, the more likely you are to be working.
- 3) Training needs to be work focused. Training that stabilizes employment may be the key: clients need skills to help them stay employed.

There has been much speculation about the remaining caseload: are they harder to serve than in the past? In Washington, **the current welfare caseload was found no harder to employ than when WorkFirst began.** While there was some increase in the proportion of the caseload with commonly accepted "barriers" to employment, the fact that more people on the caseload now have some recent work experience made the caseload, overall, no harder to employ in February of 2000 than they were in August of 1997 when welfare reform began.<sup>i</sup>

This trend is the same across the country. Research has found that there is **no evidence** that the current caseload is becoming less skilled.<sup>ii</sup>

## WORK “WORKS”

Analysis in Washington showed very clearly that the way to overcome “barriers” was to work. While a robust economy certainly makes it possible for more clients to enter the labor market, gaining work experience was the biggest factor in decreasing the time spent on welfare.<sup>1</sup>

And at the national level, evaluations have found, consistently, that work-focused approaches produce larger gains in employment and earnings over the short term (2 years) than education-focused programs.<sup>iii</sup>

Analysis of the impacts of various welfare work policies on children points to an interesting dynamic: raising family income appears to be what has positive impacts, such as better grades and fewer behavior problems. Increasing the amount of money available to a family by increasing the amount of pay a welfare client may keep, by supplementing income, or even by providing child care vouchers so that a family has more “take home pay”, produces positive results for kids. As long as family income is raised, mandatory work programs or time limits do not reduce the positive impacts of increased earnings.<sup>iv</sup>

## ASSISTANCE: WORK, TRAINING, AND EDUCATION

Research in Washington State indicates that women on welfare have lower levels of education than women in the general population. The main reason for dropping out of high school was having children. Yet the same research indicates that most of those who were on welfare and left were never enrolled in a vocational or technical training program while on welfare. It would appear that training is not required to get a job and leave welfare.<sup>v</sup>

Other research, both at the state and national level, indicates that while welfare clients seem to be able to **get** work, they have difficulty **staying** employed. This

implies that some training might be required to help people **stay** employed. Those most successful in sustaining employment had more education and basic skill levels, recent work history, and fewer “barriers.”<sup>vi</sup>

The common theme that emerges from this research is best expressed in the analysis recently completed on the skills of the remaining welfare caseload when it states “...new policies should be aimed to assist women in multiple situations.”<sup>vii</sup>

In other words, a variety of strategies must be maintained that address the specific needs of a given client. While it appears safe to generalize that most welfare recipients need training in basic job skills, anything above that should be specific to an individual. While most will benefit from some form of post-employment supports, what that support should be will vary. In Washington State, we now know that post-employment services work. Those who engage in these services work more hours, are likely to stay employed, and have higher earnings.<sup>viii</sup>

Here are some general lessons learned over the past years in what works in sustaining employment:

- Programs must work with both employers and employees.
- Services must be accessible to working families.
- Most job loss will not be prevented. Focus should be on quickly getting the next job.
- Even though quick re-employment is usually the answer, not always: reasons for job loss need to be identified for each person.
- Career advancement may not be achievable for everyone.
- Steady low wage work, with continued income supports, may be the most likely option for some.
- Programs need to have a good working knowledge of local labor market issues: some clients may get higher wages without additional training, but some post-secondary training may be necessary for others.
- Employers and educational institutions must figure out realistic ways to combine school and work, such as training at the worksite.<sup>ix</sup>

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<sup>1</sup> See “Welfare Caseload Trends in Washington State: Analysis of Long-Term Welfare Use and the Approaching Time Limits.” Washington State Institute for Public Policy, January 2001; and “Do Families On Welfare In Post-TANF Era Differ From Their Pre-TANF Counterparts?” Sheila Zedlenski, The Urban Institute, February 2001.

## SUMMARY

Welfare clients have some difficulty in getting or keeping work. However, Washington's current welfare population is not generally much different than they were when welfare reform started.

There are, nevertheless, still significant challenges facing welfare programs in Washington and across the country. The challenges of **getting** a job and **keeping** a job are complex.

While we know that the key for any given welfare recipient is to build work experience—that work “works”—the means of getting that experience may need to be different for each recipient. And the task of helping clients stay employed is also difficult, requiring even greater efforts on the part of the WorkFirst program.

Thomas M. Sykes

Legislative Auditor

On June 27, 2001, this report was approved for distribution by the Joint Legislative Audit and Review Committee.

Representative Val Ogden

Chair

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<sup>i</sup> See “Evaluating WorkFirst: Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services.” Washington State Institute for Public Policy, June 2000.

<sup>ii</sup> See “Changing Caseloads: Macro Influences and Micro Composition.” Robert Moffitt, Johns Hopkins University, February 2001.

<sup>iii</sup> See “National Evaluation of Welfare-to-Work Strategies: Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs.” Manpower Demonstration Research Corporation, June 2000.

<sup>iv</sup> See “How Welfare and Work Policies Affect Children: A Synthesis of Research.” Manpower Demonstration Research Corporation, January 2001.

<sup>v</sup> See “WorkFirst Study: 3,000 Washington Families—WorkFirst Study Chart Book.” State of Washington Employment Security Department, January 2001.

<sup>vi</sup> See “The National Evaluation of Welfare-to-Work Strategies Evaluation: The Experiences of Welfare Recipients Who Find Jobs.” Manpower Demonstration Research Corporation, December 2000.

<sup>vii</sup> See “Changing Caseloads; Macro Influences and Micro Composition.” Robert Moffitt, Johns Hopkins University, February 2001.

<sup>viii</sup> See “An Assessment of WorkFirst Post-employment Services.” Washington State Institute for Public Policy, June 2001.

<sup>ix</sup> See “Sustaining Employment: What Do We Know From Research and Practice?” Manpower Demonstration Research Corporation, February 2000.

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## WorkFirst Evaluation Bibliography

### JLARC Reports

<b>Report Number</b>	<b>Title</b>	<b>Date Approved</b>
01-4	Welfare Reform and WorkFirst: The Challenges of Finding and Keeping a Job	
01-2	WorkFirst Evaluation Summary: How Successful Has WorkFirst Been? What Happens Next?	1/22/01
00-4	WorkFirst Evaluation: Phase III: Post-Employment Services	6/28/00
99-11	WorkFirst Evaluation: Phase II: Process Study	12/1/99
98-10	WorkFirst Process Study: Phase I	12/12/98

### WSIPP Reports

<b>Report Number</b>	<b>Title</b>	<b>Date Approved</b>
	An Assessment of WorkFirst Post-Employment Services	06/01
01-3	Welfare Caseload Trends in Washington State, 1997 – 2000: Analysis of Long-Term Welfare Use and the Approaching Time Limits	1/22/01
00-5	Evaluation WorkFirst: Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services	6/28/00
99-6	WorkFirst Job Search Services – Phase II Preliminary Analysis	6/30/99
99-13	Welfare and Employment Outcomes of the WorkFirst Program	12/1/99

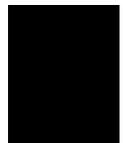
## **PART 2**

### Assessment of WorkFirst Post- Employment Services

# **AN ASSESSMENT OF WORKFIRST POST-EMPLOYMENT SERVICES**

**Steve Lerch, Ph.D.  
Jim Mayfield**

**June 27, 2001**



***Washington State  
Institute for  
Public Policy***

# **An Assessment of WorkFirst Post-Employment Services**

**Steve Lerch, Ph.D.  
Jim Mayfield**

**June 27, 2001**

Prepared under contract for the  
Joint Legislative Audit and Review Committee

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Representative Val Ogden  
Chair

# WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY

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## Mission

The Washington Legislature created the Washington State Institute for Public Policy in 1983. A Board of Directors—representing the legislature, the governor, and public universities—governs the Institute, hires the director, and guides the development of all activities.

The Institute's mission is to carry out practical research, at legislative direction, on issues of importance to Washington State. The Institute conducts research activities using its own policy analysts, academic specialists from universities, and consultants. New activities grow out of requests from the Washington legislature and executive branch agencies, often directed through legislation. Institute staff work closely with legislators, as well as legislative, executive, and state agency staff to define and conduct research on appropriate state public policy topics.

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## **ACKNOWLEDGEMENTS**

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The Joint Legislative Audit and Review Committee (JLARC) staff made valuable contributions to the report.

Debra Fabritius, Washington State Institute for Public Policy, assisted in editing the report. Her contribution is gratefully acknowledged.

## EXECUTIVE SUMMARY

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Since its enactment in 1997, WorkFirst has changed the nature of income assistance in Washington, replacing the Aid to Families with Dependent Children (AFDC) entitlement program. WorkFirst clients are required to participate in employment, job search, or other approved activities and face lifetime limits on welfare receipt.

WorkFirst provides post-employment services to help clients stay employed and achieve higher earnings. This report analyzes one-year employment outcomes associated with post-employment services. WorkFirst clients who were employed and either did or did not receive post-employment services in July, August, or September 1999 were followed from October 1999 through September 2000. Program costs associated with keeping clients employed are also summarized.

### ***Key Findings***

Clients who worked each quarter—including part-time—had an average of \$12,522 in earnings during the one-year follow-up. Employed WorkFirst clients receiving post-employment services are more likely to stay employed, have higher earnings, and work more hours.

- ❑ Clients who received post-employment services were 6.7 percent more likely to stay employed, earned \$247 more per quarter, and worked 18 more hours per quarter than clients who did not receive post-employment services.
- ❑ A more intensive and proactive model of post-employment services used in Spokane enrolled clients into post-employment services at a higher rate than the rest of the state.
- ❑ Those with post-employment services in Spokane had significantly better employment outcomes than clients in Spokane who did not receive post-employment services. However, the impact of post-employment services provided in Spokane was not significantly different from the impact of services offered elsewhere in the state.
- ❑ When providing post-employment services, WorkFirst agencies did not focus solely on clients who were more likely to have better employment outcomes. On average, clients who received post-employment services were more disadvantaged<sup>1</sup> at the time they received services than clients who did not receive services.
- ❑ It cost about as much (\$10,972 per year) to support a WorkFirst client—with or without post-employment services—who worked four quarters out of the year as it did to support a client who did not work (\$10,904).

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<sup>1</sup> Disadvantaged clients are clients with less work experience, less education, a young child, or other characteristics that cause them to be less likely to be employed.

This report is part of an evaluation of WorkFirst mandated by the Washington State Legislature. The Joint Legislative Audit and Review Committee (JLARC) and the Washington State Institute for Public Policy (Institute) are collaboratively assessing “the success of the program in assisting clients to become employed and to reduce their use of temporary assistance for needy families” (RCW 44.28.155).

## INTRODUCTION

---

This report provides a detailed analysis of employment outcomes associated with WorkFirst post-employment services. Clients who were employed and either did or did not receive post-employment services in July, August, or September 1999 were followed from October 1999 through September 2000. The report also summarizes program costs associated with keeping clients employed.

### ***Key Findings***

WorkFirst clients who worked each quarter—including part-time—had an average of \$12,522 in earnings during the one-year follow-up.

- ❑ Statewide, employed WorkFirst clients were more likely to stay employed, had higher earnings, and worked more hours over the year following post-employment services than clients who did not receive post-employment services.
- ❑ The more intensive model of post-employment services used in Spokane enrolled clients into beneficial post-employment services at a higher rate than the rest of the state.
- ❑ The effect of Spokane post-employment services was positive, but not significantly different from the rest of the state.
- ❑ When providing post-employment services, WorkFirst agencies did not focus solely on clients who were more likely to have better employment outcomes.
- ❑ It cost about as much to support a WorkFirst client—with or without post-employment services—who worked in every quarter of the year as it did to support a client who did not work.

### ***Approach***

These findings are based on a statistical comparison of two groups of employed WorkFirst clients. One group consists of adult female clients who were employed and who received post-employment services during July, August, or September 1999.<sup>2</sup> The other group includes adult female clients who were employed but did not receive post-employment services during the same period. The employment outcomes of the two groups are compared over the following year. A brief description of the methods used in this analysis is provided in Appendix A.

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<sup>2</sup> Because women comprise the majority of the adult WorkFirst caseload, this report focuses only on the employment outcomes of female WorkFirst clients 20 years of age and older.



## OVERVIEW OF POST-EMPLOYMENT SERVICES

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### ***WorkFirst Post-Employment Services***<sup>3</sup>

Once WorkFirst clients become employed, the WorkFirst program provides post-employment services intended to help them remain employed and increase their earnings. These services are as diverse as client needs and include such things as:

- Information and referral;
- Assistance with adapting to the workplace;
- Child care subsidies;
- Transportation assistance;
- Clothing purchases; and
- Specialized training in a technical or community college.

Post-employment services are also available to employed clients who leave the caseload. This report focuses on the experiences of clients who were employed in July, August, or September 1999, some of whom received post-employment services. Appendix B provides a more detailed definition of post-employment services.

**Participation in Post-Employment Services.** Participation in post-employment services is voluntary. The voluntary nature of these services and their gradual implementation contributed to relatively low enrollment rates during early stages of the WorkFirst program.<sup>4</sup> The low number of participants early in the program limited the length of the follow-up period over which post-employment services impacts could be evaluated. This analysis examined the employment outcomes of clients who received post-employment services during July, August, or September 1999 (see Exhibit 1) and compared them with outcomes of similar clients who did not receive such services during the same period.

---

<sup>3</sup> A more detailed examination of the implementation of WorkFirst post-employment services is provided in *WorkFirst Evaluation Phase III Post-Employment Services*, Report 00-4 (Olympia, WA: Joint Legislative Audit and Review Committee, June 28, 2000).

<sup>4</sup> Less than 2 percent of WorkFirst clients were coded as receiving post-employment services during the period from July, August, or September 1998, one year after WorkFirst began. From July, August, or September 1999, the period when services are examined in this study, over 8 percent of clients received post-employment services.

**Exhibit 1**  
**Employed Clients With Post-Employment Services\***  
**July, August, or September 1999**

	STATEWIDE (EXCLUDING SPOKANE)	SPOKANE	TOTAL
<b>EMPLOYED</b>	14,326	1,858	16,184
<b>EMPLOYED WITH POST-EMPLOYMENT SERVICES</b>	1,914	318	2,232
<b>POST-EMPLOYMENT SERVICES RATE</b>	13.4%	17.1%	13.8%

\*Clients with multiple services are counted only once. Does not include unemployed follow-up clients, duplicated services, or codes associated with "Loss of Contact."

**Spokane Local Planning Area Post-Employment Services Model.** During 1999, Spokane provided its own version of post-employment services. The Spokane Employment Security Department (ESD) Post-Employment Team, under contract with the Department of Social and Health Services (DSHS), offered a more intensive and pro-active version of WorkFirst post-employment services that emphasized early contact with employed clients and employers and consistently enrolled a larger fraction of WorkFirst clients into the program compared with other parts of the state (see Exhibit 1 and Appendix B).

Since the period studied for this analysis, post-employment services have grown in terms of enrollment rates and types of services provided. For instance, WorkFirst has implemented the statewide Job Success Coach program based partly on the Spokane model of post-employment services. The program focuses on clients deemed most likely to have problems maintaining employment, communicates with clients early in the job-hunting process, encourages the use of participation in a client's individual responsibility plan,<sup>5</sup> and makes services available for two years after a client leaves the caseload.<sup>6</sup>

***Employed WorkFirst Clients***

This analysis builds on previous work by examining the employment outcomes associated with WorkFirst post-employment services. (See Appendix C for a review of previous analyses.)

The employment outcomes of all employed WorkFirst clients were examined. Of the 35,200 adult female clients on the caseload in June 1999, 16,184 worked in the following quarter—

<sup>5</sup> The client's individual responsibility plan (IRP) is created by a case manager when the client first enters WorkFirst and is updated when the client's circumstances or progress change. The Job Success Coach program uses the IRP to identify long-term employment goals.

<sup>6</sup> The Job Success Coach program is the subject of an ESD evaluation scheduled for completion in 2004.

July, August, or September 1999.<sup>7</sup> The employment outcomes of these clients were followed for one year beginning October 1999.<sup>8</sup> Employment outcomes examined are presented in more detail in Appendix D.

### **During the one-year follow-up of 16,184 employed WorkFirst clients...**

- ❑ 73 percent were employed in any given quarter.
- ❑ Employed clients earned \$2,692 per quarter.
- ❑ Employed clients worked 314 hours per quarter.
- ❑ Half of the employed clients earned \$7.67 or more per hour.
- ❑ 25 percent of employed clients worked full-time.
- ❑ 51 percent were continuously employed (6 percent full-time).
- ❑ 9 percent were continuously unemployed.
- ❑ 23 percent had multiple employers.

Of the clients described above, some received post-employment services and others did not. The following analysis examines what impacts, if any, may be attributed to WorkFirst post-employment services.

### ***The Impact of Post-Employment Services***

After accounting for differences in client characteristics and economic conditions, post-employment services have a statistically significant impact on the key employment outcomes over the follow-up year:

- ❑ Clients who received post-employment services had higher rates of employment, higher quarterly earnings, and worked more hours each quarter.
- ❑ The impact of post-employment services provided in Spokane were positive but not significantly different from the average impact of post-employment services offered elsewhere in the state.
- ❑ Spokane enrolled clients into post-employment services at a higher rate than the rest of the state.
- ❑ On average, clients who received post-employment services were more disadvantaged<sup>9</sup> at the time they received services than persons who did not receive post-employment services.

---

<sup>7</sup> *On the caseload* means the client received a Temporary Assistance for Needy Families (TANF) grant for June 1999.

<sup>8</sup> A “buffer” of one quarter (July, August, and September 1999) was used to identify clients who were employed and enrolled in post-employment services before beginning the one-year follow-up period.

<sup>9</sup> Disadvantaged clients are clients with less work experience, less education, a young child, or other characteristics that cause them to be less likely to be employed.

**Average Outcomes With and Without Post-Employment Services.** Within the group of employed clients, 2,232 were identified as receiving post-employment services during the July through September 1999 period. A comparison of the one-year employment outcomes of clients with and without post-employment services during the follow-up period is presented in Exhibit 2. Post-employment services provided in the quarter preceding the follow-up year are associated with better employment outcomes over the year.

*Exhibit 2*  
**Quarterly Employment Outcomes Over a One-Year Follow-up:  
 With and Without Post-Employment Services**

<b>EMPLOYMENT STATUS</b>	<b>WITHOUT POST-EMPLOYMENT SERVICES (N=13,952)</b>	<b>WITH POST-EMPLOYMENT SERVICES (N=2,232)</b>
<b>PERCENT EMPLOYED</b>	72%	79%
<b>OF THOSE CLIENTS EMPLOYED DURING THE QUARTER:</b>		
<b>AVERAGE EARNINGS</b>	\$2,664	\$2,870
<b>AVERAGE HOURS WORKED</b>	311	326

The regression analysis used to estimate the impact of post-employment services uses a 75 percent sample of clients. The average earnings and hours reported here are based on that sample but are not significantly different than the population means.

## OUTCOMES ATTRIBUTABLE TO POST-EMPLOYMENT SERVICES

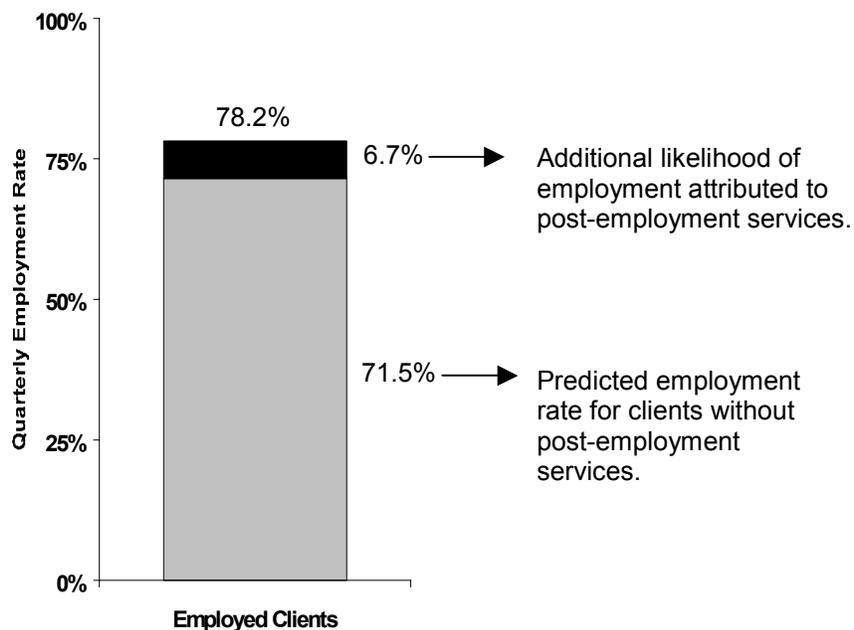
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As shown in Exhibit 2, clients who received post-employment services earned an average of \$206 more per quarter than clients who did not receive these services. However, factors other than post-employment services may account for this difference. Regression models were developed to examine the impact of post-employment services on the likelihood of being employed, earnings, and hours worked.

To estimate the impact of post-employment services on employment, earnings, and hours worked, we examined these outcomes after controlling for client characteristics and other influential factors. After doing so, we were able to say what impacts, if any, may be attributed to post-employment services (see Exhibits 3–5.)

**Employment.** Clients who received post-employment services were almost 7 percent more likely to stay employed than clients who did not receive services (see Exhibit 3)<sup>10</sup>.

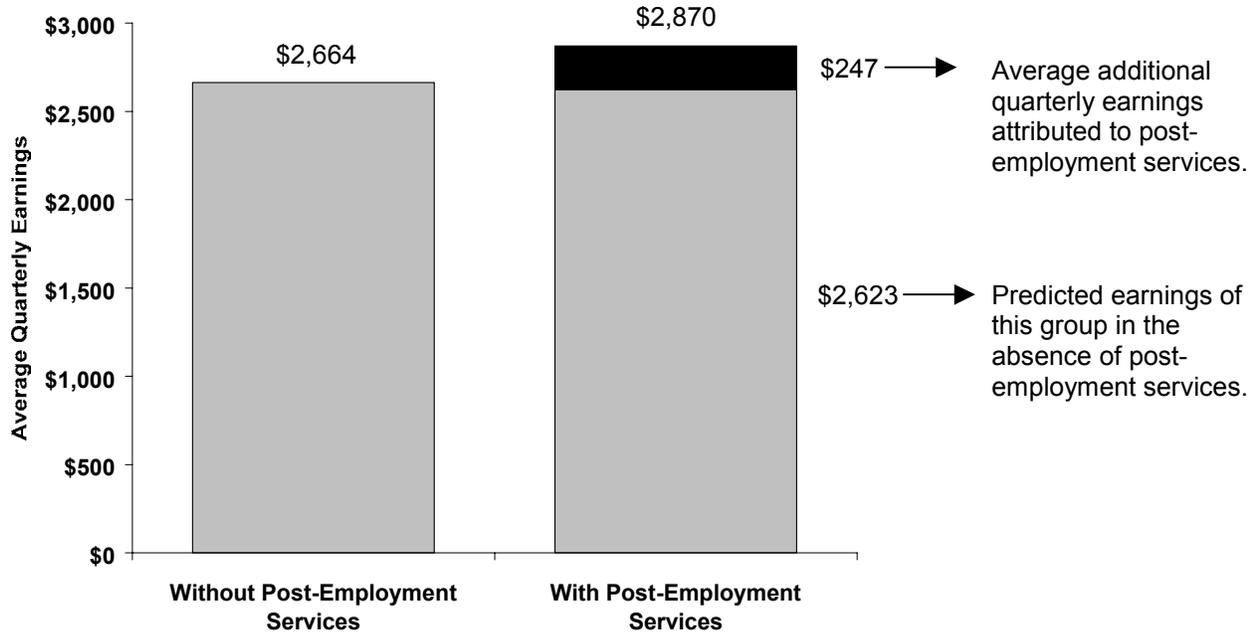
**Exhibit 3**  
**Increases Attributed to Post-Employment Services**



<sup>10</sup> The percentages in Exhibit 3 do not correspond exactly with those shown in Exhibit 2. They are based on statistically adjusted employment rates of all clients who were employed in July, August, or September 1999.

**Earnings.** Clients who received post-employment services had an average of \$247 more in earnings per quarter than they would have had if they had not participated in post-employment services (see Exhibit 4). The statistically adjusted estimate exceeds the unadjusted difference in earnings (\$206) derived from Exhibit 2. Therefore, clients with post-employment services were more disadvantaged at the time they received these services than clients without post-employment services.<sup>11</sup>

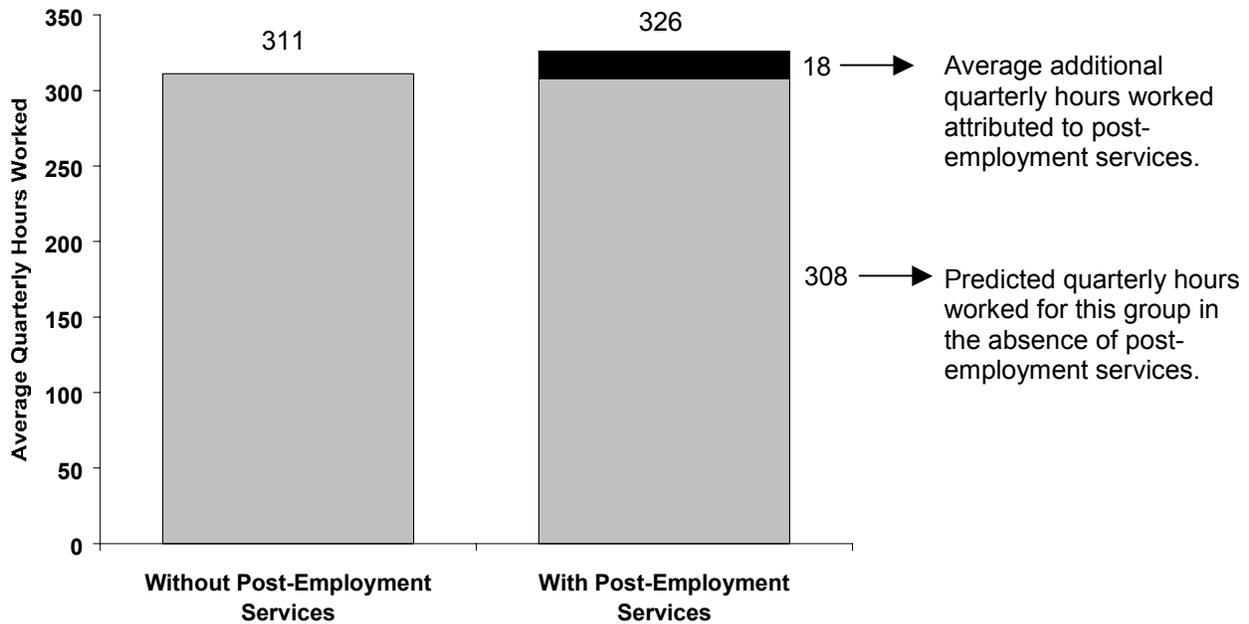
**Exhibit 4**  
**Increase in Earnings Attributed to Post-Employment Services**



<sup>11</sup> Disadvantaged in terms of individual characteristics and local economic conditions.

**Hours Worked.** Clients who received post-employment services worked 18 more hours per quarter than they would have had they not participated in post-employment services. As was true for the earnings estimate, the statistically adjusted impact of post-employment services on hours exceeds the unadjusted difference (15 hours) indicated in Exhibit 2. Recipients of post-employment services were, on average, more disadvantaged than persons who did not receive post-employment services.

**Exhibit 5**  
**Increase in Hours Attributed to Post-Employment Services**



**The Impact of Spokane Post-Employment Services.** Employed clients in the Spokane Local Planning Area were examined to determine if the services offered under the Spokane post-employment services model had different effects than post-employment services offered elsewhere in the state.<sup>12</sup> After controlling for local economic conditions and differences in client characteristics, for an average client, post-employment services offered in Spokane were no more or less effective than the services provided throughout the rest of the state. However, an employed client in the Spokane Local Planning Area was more likely to be enrolled in these services than were clients elsewhere in the state (see Exhibit 1).

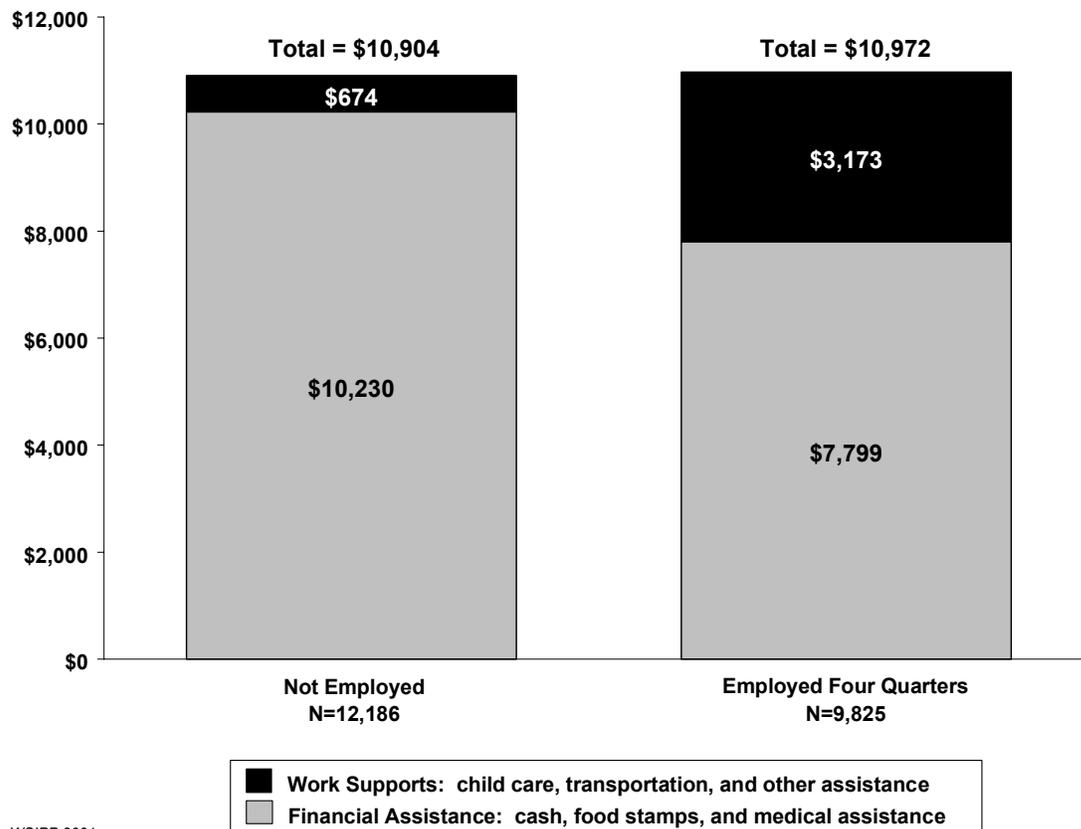
<sup>12</sup> A comparison of the employment outcomes of Spokane clients with and without post-employment services is provided in Exhibit D-3 in Appendix D.



## COSTS OF SUPPORTING WORKFIRST CLIENTS

A comparison of annual expenditures on recent WorkFirst clients who worked all four quarters during the one-year follow-up with those who did not work reveals negligible differences in the total cost of financial assistance and work supports provided by the public. When compared with clients who did not work (see Exhibit 6), clients working all four quarters over the follow-up year had lower financial assistance costs but incurred higher costs in child care and other publicly paid work expenses.

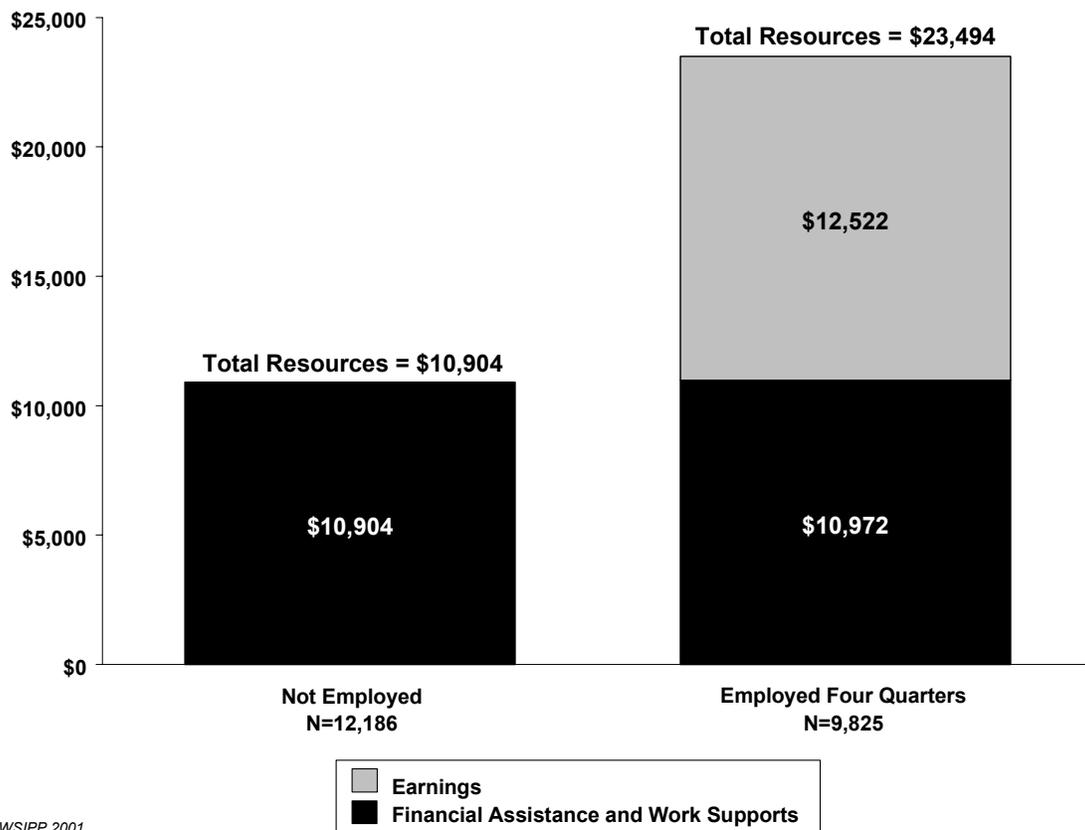
**Exhibit 6**  
**Annual Per-Client Costs for Employed and Unemployed Clients**  
 October 1999 through September 2000



WSIPP 2001

Working and non-working clients receive similar amounts of public resources. However, clients who worked at least part of every quarter during the follow-up period had higher total resources than clients who did not work. Clients who worked each quarter earned an average income of \$12,522 over the entire year.<sup>13</sup> This income, when combined with financial assistance and work supports, more than doubles the resources available to WorkFirst clients (see Exhibit 7).

**Exhibit 7**  
**Total Resources: Earnings, Financial Assistance, and Work Supports**  
**of Working and Non-Working WorkFirst Clients<sup>14</sup>**



Definitions of the costs included in this summary and cost details are provided in Appendix E. Agency administrative costs are not included in this analysis.

<sup>13</sup> The \$12,522 average includes incomes of clients employed part-time or intermittently in any given quarter. About 1,000 clients who worked full-time throughout the year earned over \$20,000 on average.

<sup>14</sup> Does not include the Earned Income Tax Credit. A description of all resources included in the analysis is provided in Appendix E.

## APPENDIX A: METHODOLOGY FOR OUTCOMES ANALYSIS

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The statewide implementation of the WorkFirst program ruled out an experimental (random assignment) design for analyzing the impact of post-employment services. Multivariate statistical techniques were employed to compensate for the lack of experimental data. Statistical models were developed to estimate employment rates, earnings, and hours worked of WorkFirst clients while accounting for client characteristics, local economic conditions, and program participation.

**Statistical Controls.** The analysis controlled for a variety of factors so that the employment impacts estimated for post-employment services did not simply reflect the effects attributable to client characteristics or the local economy. The analysis accounted for such things as client demographic characteristics (e.g., age and education level), household composition (family size and age of youngest child), local economic conditions (county unemployment rate), and client welfare and employment history.

**Selection Bias.** Despite accounting for factors mentioned above, it was possible that clients who participated in post-employment services did not reflect the average WorkFirst recipient. Therefore, the analysis used an additional statistical adjustment to correct for any potential selection bias associated with being included in the study population. A similar adjustment was used to account for a client's decision to participate in the labor force in each of the four follow-up quarters.

**Study Population and Data.** The Automated Client Eligibility System (ACES) was used to identify adult female welfare recipients, age 20 or older, who began the WorkFirst program between August 1997 and September 1999. ACES also provided data on client demographics, family composition, and welfare history. These records were matched with two other administrative information systems: (1) the JOBS Automated System (JAS) provided information on participation in post-employment services and additional demographic data, and (2) the Unemployment Insurance (UI) wage file provided information on quarterly earnings and quarterly hours worked.

The study population is limited to persons who were both on the WorkFirst caseload in June 1999 and working during the third quarter (July, August, or September) of 1999. The most recent available UI data covered employment activity during the third quarter of 2000. Therefore, by selecting clients who received or were eligible to receive post-employment services in the third quarter of 1999, it was possible to analyze outcomes over a complete one-year follow-up period (fourth quarter 1999 through third quarter 2000). Because post-employment services were available only to WorkFirst clients who were working, the design of the study group ensured that it included all persons who received post-employment services during the third quarter 1999 as well as those who were eligible for but did not receive such services.



## APPENDIX B: POST-EMPLOYMENT SERVICES

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### ***WorkFirst Post-Employment Services***

This report focuses on clients who received post-employment services in July, August, or September 1999. At that time, post-employment services were divided into two components, Job Retention and Wage Progression.

**Job Retention** services are intended to help clients stay employed. Work skills training, child care, transportation services, and working with an employer to forestall a firing are examples of Job Retention services. WorkFirst case managers may link clients directly to Job Retention services or refer them to contractors who report to the Department of Social and Health Services (DSHS).

**Wage Progression** services are intended to help clients improve skills and increase wages. The Employment Security Department's Washington Post-Employment Labor Exchange (WPLEX) call center contacts employed WorkFirst clients (who are working 20 or more hours per week) and informs them of wage progression services available to them, such as assessment and referrals to training opportunities and higher-paying jobs. Clients are called again over specified follow-up intervals.

WPLEX also reminds clients of their eligibility for child care and transportation assistance, food stamps, Medicaid, the Earned Income Tax Credit, and other services and incentives to help clients stay employed. Clients contacted by WPLEX who indicate they are having employment difficulties may also be referred to DSHS case managers.

It is important to note that during the summer of 2000, WorkFirst eliminated the division between Job Retention and Wage Progression services. However, the conclusions in this report reflect the services as they existed prior to these announced changes.

**Characterizing Post-Employment Services for This Analysis.** For the purpose of this outcomes analysis, Job Retention and Wage Progression services are referred to uniformly as post-employment services. At a minimum, clients coded as receiving post-employment services had at least one recorded contact with a WorkFirst agency or a contractor. While some clients may have received more intensive post-employment services than others, we could not identify from administrative data who these clients were.

### ***Spokane Post-Employment Services Model<sup>15</sup>***

During the period analyzed, the Spokane Local Planning Area's<sup>16</sup> approach to post-employment services differed from the rest of the state. It focused on early contact with clients and greater involvement of local employers. Spokane initiated the program to provide specialized post-employment services to WorkFirst clients and employers and

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<sup>15</sup> *WorkFirst Evaluation Phase III Post-Employment Services*, Report 00-4 (Olympia, WA: Joint Legislative Audit and Review Committee, June 28, 2000), 7.

<sup>16</sup> The Spokane Local Planning Area included Spokane County and parts of Lincoln County.

consistently enrolled the highest percentage of WorkFirst clients in post-employment services.

The Spokane Job Service Center of the Employment Security Department formed a Post-Employment Team under contract with the Department of Social and Health Services to provide an array of post-employment services. The team worked to engage clients in services before they became employed. The team also attempted to tailor services to both the clients and the employer. Activities included the following:

- ❑ Staff worked closely with case managers to receive client referrals.
- ❑ Staff attended the ESD Job Search workshop twice: first to introduce themselves and their services to the clients and later to recruit clients for services.
- ❑ Staff contacted clients who did not attend the workshop.
- ❑ Once a client obtained a job, employers received a letter informing them of post-employment services, availability of on-the-job training programs, and education and training provided by Spokane Community College.
- ❑ Employers were informed that they could be reimbursed up to 50 percent of the client's wages while the client was participating in on-the-job training and that they could receive a federal tax credit.
- ❑ Post-employment specialists visited the job site to check with both the employee and the employer on progress, issues, and needs. These visits provided opportunities to resolve conflict before it resulted in job loss and supported the relationship between the employer and the employee.
- ❑ Staff attempted to work closely with employers and market post-employment services through the Spokane Chamber of Commerce.

Spokane employers spoke highly of the value of retention services to both the employer and to the employees.

## APPENDIX C: WORKFIRST IMPROVES EMPLOYMENT OUTCOMES

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Prior to examining the impact of post-employment services, it is useful to summarize previous research on employment outcomes conducted as part of the JLARC WorkFirst evaluation. The Institute compared WorkFirst with the previous welfare program, Aid to Families with Dependent Children (AFDC), evaluated the effectiveness of WorkFirst Job Search services in helping clients find work, and determined if the caseload is becoming harder to employ. All three analyses indicate that, after accounting for changes in economic conditions and client characteristics, WorkFirst has been successful in achieving its employment goals.

**WorkFirst Outperforms AFDC.**<sup>17</sup> Within the first year of the program, WorkFirst clients experienced improved employment outcomes compared with clients in AFDC. In an analysis that accounted for changes in economic conditions and other factors, WorkFirst clients showed improvements in employment rates, earnings, and hours worked.

- ❑ *Employment:* WorkFirst clients were 56 percent more likely to be employed;
- ❑ *Earnings:* an average of \$263 more in quarterly earnings per client was attributed to WorkFirst; and
- ❑ *Hours Worked:* an average of 23 more hours worked each quarter per client was attributed to WorkFirst.

**WorkFirst Helps Inexperienced Clients Find Work.**<sup>18</sup> Job Search, one of the key elements of WorkFirst, is aimed at getting clients employed. Whether they are new to welfare or returning to the caseload, all able-bodied clients working less than 20 hours per week are required to participate in Job Search, which may also include a formal workshop on how to find a job. Job Search has been more effective for some WorkFirst clients than for others.

- ❑ Job Search increases employment rates for clients without recent work experience.
- ❑ Job Search has limited impacts on clients with recent work experience, although it helps some find better-paying jobs.

**WorkFirst Increases Valuable Work Experience.**<sup>19</sup> To answer the question, “Are WorkFirst clients becoming harder to employ,” the Institute tracked changes in key characteristics that affect employability: presence of a young child, lack of work experience, less than a high school education, and limited English-speaking ability.

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<sup>17</sup> Steve Lerch and Jim Mayfield, *Welfare and Employment Outcomes of the WorkFirst Program* (Olympia, WA: Washington State Institute for Public Policy, December 1999).

<sup>18</sup> Steve Lerch, Jim Mayfield, and Mason Burley, *Evaluating WorkFirst: Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services* (Olympia, WA: Washington State Institute for Public Policy, June 2000).

<sup>19</sup> *Ibid.*

- From August 1997 to February 2000, the caseload experienced modest increases in the proportion of clients with a young child, less than a high school education, and limited English-speaking ability. However, there was a substantial increase in the proportion of clients with recent work experience.
- The positive impacts of recent work experience gained in the WorkFirst program tended to offset the increases in other barriers to employment. Therefore, on average, WorkFirst clients were no harder to employ in February 2000 than in August 1997.

## APPENDIX D: OUTCOMES EXAMINED AND SUPPORTING TABLES

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### *Employment Outcomes Examined*

A number of employment outcomes calculated over the follow-up year (October 1999 through September 2000) are summarized in this report. The outcomes are defined as follows:

**Key Outcomes** for which statistically adjusted impacts are attributable to post-employment impacts:

- ❑ **Employment:** Clients with any earnings during a calendar quarter were considered employed.
- ❑ **Earnings:** The average quarterly earnings (from employment) averaged over the follow-up year. The average does not include zero earnings of unemployed clients. Earnings are expressed in inflation-adjusted 1999 dollars.
- ❑ **Hours worked:** The average hours worked per quarter calculated over the follow-up year. The average does not include the zero hours of unemployed clients.

**Other Outcomes** which are provided for descriptive purposes only:

- ❑ **Hourly wages:** An hourly wage calculated from quarterly earnings and quarterly hours worked. The hourly wage reported is the median; i.e., half of the employed clients earn that wage rate or more. Wages are expressed in inflation-adjusted 1999 dollars.
- ❑ **Working full-time:** Of the clients who are employed, those who work 35 or more hours a week, based on total hours worked in the quarter.<sup>20</sup>
- ❑ **Continuously employed:** Clients are considered continuously employed if they are employed in every quarter of the follow-up year. This includes clients working full-time, part-time, and working on and off within a single quarter.
- ❑ **Intermittent employment:** Any employment during the follow-up year with at least one full intervening quarter of unemployment.
- ❑ **Continuously unemployed:** Clients who do not work in any quarter during the follow-up year.
- ❑ **Multiple employers:** Clients with more than one employer in any given quarter are described as having multiple employers. Due to the nature of the employment data, we cannot tell if a client has two or more employers at the same time or two or more employers at different times during the quarter. It is not assumed that having multiple employers is a positive or negative employment outcome.

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<sup>20</sup> Because we are limited to quarterly employment data, we cannot, for example, distinguish between clients who work 35 hours a week for 4 weeks and those who work 40 hours a week for 3.5 weeks.

*Exhibit D-1*

**Quarterly Employment Outcomes Over a One-Year Follow-up Period:  
Clients Employed Third Quarter 1999**

<b>EMPLOYMENT STATUS</b>	<b>CLIENTS EMPLOYED THIRD QUARTER 1999 (N=16,184)</b>
<b>PERCENT EMPLOYED</b>	73%
<b>OF THOSE CLIENTS EMPLOYED DURING THE QUARTER:</b>	
<b>AVERAGE EARNINGS</b>	\$2,692
<b>AVERAGE HOURS WORKED</b>	314
<b>MEDIAN WAGE</b>	\$7.67
<b>PERCENT WORKING FULL-TIME</b>	25%
<b>PERCENT WITH MULTIPLE EMPLOYERS</b>	23%

*Exhibit D-2*

**Other Employment Outcomes Over a One-Year Follow-up:  
Employed WorkFirst Clients**

<b>EMPLOYMENT OUTCOMES OVER THE ONE-YEAR FOLLOW-UP PERIOD</b>	<b>CLIENTS EMPLOYED THIRD QUARTER 1999 (N=16,184)</b>
<b>AVERAGE NUMBER OF QUARTERS EMPLOYED</b>	2.9
<b>PERCENT OF CLIENTS WITH...</b>	
<b>CONTINUOUS FULL-TIME EMPLOYMENT</b>	5%
<b>CONTINUOUS EMPLOYMENT OTHER THAN FULL-TIME</b>	43%
<b>INTERMITTENT EMPLOYMENT</b>	37%
<b>CONTINUOUS UNEMPLOYMENT</b>	9%
<b>DURING LAST QUARTER, PERCENT OF CLIENTS...</b>	
<b>WORKING FULL-TIME</b>	19%
<b>WORKING OTHER THAN FULL-TIME</b>	49%
<b>UNEMPLOYED</b>	32%

*Exhibit D-3*

**Spokane: Quarterly Employment Outcomes Over a One-Year Follow-up:  
With and Without Post-Employment Services**

<b>EMPLOYMENT STATUS</b>	<b>WITHOUT POST- EMPLOYMENT SERVICES (N=1,540)</b>	<b>WITH POST- EMPLOYMENT SERVICES (N=318)</b>
<b>PERCENT EMPLOYED</b>	78%	81%
<b>OF THOSE CLIENTS EMPLOYED DURING THE QUARTER:</b>		
<b>AVERAGE EARNINGS</b>	\$2,553	\$2,708
<b>AVERAGE HOURS WORKED</b>	313	332



## APPENDIX E: EXPENDITURES EXAMINED

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The costs examined for this analysis are welfare-related government expenditures over the follow-up period for clients who were on the caseload in June 1999.<sup>21</sup> Expenditures span two categories: financial assistance and work supports.

**Financial Assistance.** Three sources of financial assistance are considered in this analysis:

- ❑ *Cash Grants:* The cash grant expenditure is the total dollar amount of welfare benefits paid to the case during the year. Clients are not necessarily on the welfare caseload during the entire follow-up period.
- ❑ *Food Stamps:* The food stamp expenditure is the total dollar amount awarded to the case during the year, including food stamps clients may continue to receive after they stop receiving a cash grant.
- ❑ *Medical Assistance:* The medical expenditure is the total cost of the case during the year, including any medical assistance provided to clients after they stop receiving a cash grant.<sup>22</sup>

**Work Supports.** Work support costs are direct payments to clients or vendors for goods and services that help clients stay employed.<sup>23</sup> Work supports are provided to clients on welfare and, for a period of time, to those who leave the caseload. These services can be organized into seven categories:

- ❑ *Child Care:* cash payments for licensed and unlicensed child care.
- ❑ *Education:* tuition, fees, and supplies for approved vocational and academic programs (including GED and ESL).
- ❑ *Personal:* purchase of clothing, haircuts, and other personal goods or services.
- ❑ *Transportation:* bus passes, automobile repairs, reimbursement of fuel expenses, and other transportation assistance.
- ❑ *Wage Subsidy:* state-supported employment.
- ❑ *Work Readiness:* fees for licensing, certification, testing, uniforms, and other goods and services.
- ❑ *Other Services:* expenditures on items such as job skills assessment, counseling, and relocation.

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<sup>21</sup> Costs attributed to welfare and work supports are based on records of actual expenses recorded for each client. All expenditures are in constant 1999 dollars.

<sup>22</sup> Medical assistance expenditures are based on DSHS blue book per-person averages for TANF, average family size, and months eligible over the follow-up period.

<sup>23</sup> Clients who do not work also receive support services to help them find a job or prepare for work.

**Costs Not Included in the Analysis.** This analysis does not include social costs<sup>24</sup> or other public expenditures that may be associated with employed and unemployed WorkFirst clients. The following are examples of public expenditures that are not included:

- ❑ Agency-provided WorkFirst services and overhead;
- ❑ Medical, child care, and other assistance used to divert eligible clients from welfare;
- ❑ General Assistance or Supplemental Security Income;
- ❑ The cost of services provided by other divisions within DSHS and other agencies, such as mental health care, substance abuse treatment, child protective services, state-funded student financial aid, or vocational rehabilitation;
- ❑ United States Department of Labor's Welfare-to-Work program; and
- ❑ Earned Income Tax Credit (EITC).

*Exhibit E-1*  
**Annual Financial Assistance and Work Support Expenditures  
 Per Employed and Unemployed WorkFirst Clients**

	OCTOBER 1999 THROUGH SEPTEMBER 2000	
	DID NOT WORK	WORKED FOUR QUARTERS
<b>NUMBER OF CLIENTS</b>	12,186	9,825
<b>WORK SUPPORTS</b>		
TRANSPORTATION	\$44	\$81
OTHER SUPPORTS	\$75	\$157
CHILD CARE	\$555	\$2,935
<b>SUBTOTAL WORK SUPPORTS</b>	<u>\$674</u>	<u>\$3,173</u>
<b>FINANCIAL ASSISTANCE</b>		
FOOD STAMPS	\$1,902	\$1,274
CASH GRANT	\$3,690	\$1,465
MEDICAID	\$4,638	\$5,060
<b>SUBTOTAL FINANCIAL ASSISTANCE</b>	<u>\$10,230</u>	<u>\$7,799</u>
<b>TOTAL WORK SUPPORT AND FINANCIAL ASSISTANCE</b>	<u>\$10,904</u>	<u>\$10,972</u>

<sup>24</sup> Social costs include such things as the client's cost of going to work or the foregone earnings of a client attending a workshop instead of working.

## **PART 3**

Follow-up:  
WorkFirst Evaluation



# State of Washington Joint Legislative Audit and Review Committee

## LEGISLATIVE AUDITOR

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June 18, 2001

TO: Joint Legislative Audit and Review Committee Members

FROM: John Woolley, Principal Management Auditor  
Ron Perry, Staff Coordinator 

SUBJECT: <sup>RP</sup> Follow-up: Work First Evaluation

## BACKGROUND

JLARC has been evaluating welfare reform—WorkFirst—for three years. At our Committee meeting on June 27<sup>th</sup>, we will be presenting the results of our most recent analysis of post-employment services. This will be the fifth report to the Committee.

Past reports have included recommendations for making program improvements, and at each subsequent stage, we have reported back to you on the implementation status of those recommendations.

## FINAL PHASE

The June 27<sup>th</sup> report will be the last report of this evaluation. We took this opportunity to review the status of all the recommendations from previous reports. Ultimately, we focused on nine specific recommendations representing our key concerns.

Attached are three memos. The first is our original request to the WorkFirst program for information on the status of their implementation of our recommendations. The second is their initial response. The third is the second round of responses, as we found some of the original responses less than satisfactory.

## AREAS OF CONCERN

Even with the updated responses, there are three areas that will require continued legislative oversight. They are:

- **Caseload Staffing Levels.** While it is fair to say that WorkFirst is changing fast enough that some previous work may no longer be relevant, we still have no indication of how WorkFirst determines what level of staff it considers appropriate.

Some process must be established that will assist budget writers to determine the number of staff required to manage the WorkFirst caseload.

- **Information Systems Plan.** It would appear that WorkFirst will finally develop an information systems plan. We continue to see this as an area of concern as many important management questions cannot be answered with existing systems. While duplication of effort is a key concern, others are also important. You will hear in August that as part of another JLARC audit, the Division of Child Support is not able to report on a key outcome because of WorkFirst information systems problems.
- **Early Exit Bonus.** WorkFirst clients with a grant of \$100 or less per month are eligible for a “once-in-a-lifetime” \$1,000 early exit bonus. The bonus is intended to act as an incentive to leave the caseload, to be used for transitional work expenses. The bonus **does not** preclude returning to the caseload. Based on the data supplied to us on this bonus, it appears that it is not working. We question why it should be continued in any form.

Attachments



# Joint Legislative Audit and Review Committee

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E-Mail: [neff\\_ba@leg.wa.gov](mailto:neff_ba@leg.wa.gov)  
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January 30, 2001

TO: Dennis Braddock, Secretary  
Department of Social and Health Services

Martha Choe, Director  
Department of Community, Trade and Economic Development

Ken Miller, WorkFirst Coordinator  
Office of Financial Management

FROM: Thomas M. Sykes  
Legislative Auditor 

SUBJECT: **WorkFirst Evaluation Follow-up**

Carver Gayton, Commissioner  
Employment Security Department

Earl Hale, Executive Director  
State Board for Community and Technical Colleges

The Joint Legislative Audit and Review Committee (JLARC) has a statutory responsibility (RCW 44.28.080 and .091) to follow up on its studies and the implementation of its recommendations. Tracking the status of these recommendations is a continuing part of JLARC's work.

As you know, we have completed four phases of our WorkFirst evaluation. I am asking that your agency provide a written status report detailing your activities and efforts to implement the recommendations from Phases II and III, as well as the recommendation to develop a staffing model from Phase 1. In particular, please note that Recommendation 5 in Phase III requires a report to the Committee. The recommendations from these reports are attached for your reference.

Since the date for completion of each recommendation, as well as the required report, has passed, we would appreciate your quick attention. There were a number of questions regarding the recommendations during our presentation of Phase IV at our January 22<sup>nd</sup> Committee meeting. I would like to provide our Committee members with answers by early March. As such, I would ask that you provide your responses by March 5<sup>th</sup>.

If you have any questions, please call me at 786-5175, or John Woolley at 786-5184. Thank you in advance for your assistance.

Sincerely,

Thomas M. Sykes  
Legislative Auditor

Attachment

cc: John Atherton, Department of Social and Health Services  
Rob St.John, Department of Social and Health Services  
Paul Trause, Employment Security Department  
Jim Shober, Employment Security Department  
Paul Knox, Department of Community, Trade and Economic Development  
Mike Porter, State Board for Community and Technical Colleges

## Joint Legislative Audit and Review Committee (JLARC)

### WorkFirst Evaluation Follow-up

January 30, 2001

#### PHASE I

##### **Recommendation 5**

*The Department of Social and Health Services and the Employment Security Department should collaborate on the development of a caseload staffing model that accounts for the differential complexity of characteristics, as well as risks of returning to assistance.*

**Completion Date: June 30, 1999**

#### PHASE II

##### **Recommendation 1**

*The Department of Social and Health Services, Employment Security Department, Community Trade and Economic Development, and the State Board for Community and Technical Colleges should establish local interagency teams to lead, facilitate, and coordinate local area planning.*

**Completion Date: July 1, 2000**

##### **Recommendation 2**

*JLARC recommends that the Department of Social and Health Services (DSHS), Employment Security Department (ESD), Community Trade and Economic Development (CTED), and the State Board for Community and Technical Colleges (SBCTC) develop a plan for improving the information systems which support the programs. This plan, and subsequent implementation strategies, should be directed by the sub-cabinet structure to ensure that the needs of all users are considered. Key components of the plan should include:*

- A. Goals for the improved information systems, including the elimination of duplicative data.*
- B. A timeline for each major milestone in the plan.*
- C. Ideas for data sharing among state and local agencies and service providers.*
- D. The identification of barriers to the sharing of data and recommendations for strategies to eliminate those barriers.*
- E. The inclusion of end users, particularly local office staff in Department of Social and Health Services and Employment Security Department, in the development and implementation of the plan.*

**Completion Date: November 1, 2000**

### **Recommendation 3**

*To facilitate more comprehensive analysis of the impact of contracted services in the WorkFirst program, the Department of Social and Health Services and Employment Security Department should identify benchmark levels of service delivery performance as mandated by the legislature.*

**Completion Date: July 1, 2000**

## **PHASE III**

### **Recommendation 1**

*Clients should be introduced to post-employment service providers and their services prior to employment. The benefits of these services should be marketed to the employer as soon as the client is employed.*

**Completion Date: January 1, 2001**

### **Recommendation 2**

*Job search and job retention efforts need to emphasize the ongoing development of basic job skills.*

**Completion Date: January 1, 2001**

### **Recommendation 3**

*Re-employment of clients, and the speed at which clients are re-employed, should be counted as a performance measure.*

**Completion Date: January 1, 2001**

### **Recommendation 4**

*The current organizational structure that treats job retention separate from wage progression should be eliminated and the two efforts viewed as part of one post-employment service.*

**Completion Date: January 1, 2001**

### **Recommendation 5**

*The Department of Social and Health Services should report back to JLARC on the impact of Early Exit Bonus payments on caseload reduction. The report shall include an analysis of how many clients who received the bonus returned to the caseload, and how quickly they returned, compared to clients who did not receive the bonus, left the caseload, and share similar caseload characteristics.*

**Completion Date: November 1, 2000**



GARY LOCKE  
Governor

STATE OF WASHINGTON.

WASHINGTON WORKFIRST

Department of Social and Health Services • PO Box 45000 • Olympia, Washington 98504-5000 • (360) 902-8400  
Employment Security Department • PO Box 49046 • Olympia, Washington 98504-9046 • (360) 902-9500  
State Board for Community and Technical Colleges • PO Box 42495 • Olympia, Washington 98504-2495 • (360) 753-2000  
Department of Community, Trade & Economic Development • PO Box 48300 • Olympia, Washington 98504-8300 • (360) 753-2200

March 5, 2001

FROM:

Dennis Braddock, Secretary  
Department of Social and Health Services

Martha Choe, Director  
Office of Trade and Economic Development

Earl Hale, Executive Director  
State Board for Community and Technical Colleges

Paul Trause, Commissioner  
Employment Security Department

TO:

Thomas M. Sykes, Legislative Auditor  
Joint Legislative Audit and Review Committee

SUBJECT:

WorkFirst Evaluation Follow-Up

The WorkFirst partner agencies have prepared the following update in response to your request of January 30, 2001. The attached document contains the most current information regarding the specific recommendations cited in your request.

WorkFirst is a constantly evolving program. The partners are committed to continuously improving the program to ensure participants and low-income working families are better off financially, that fewer families are dependent on public assistance and that more children are progressing up and out of poverty.

We appreciate the work that JLARC has done in evaluating our services. If you need additional information, please contact Phyllis Lowe (DSHS) at 360-413-3200, James Shober (ESD) at 360-438-3221, Paul Knox (DCTED) at 360-725-4140 or Mike Porter (SBCTC) at 360-753-3650.

Attachment

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MAR - 5 2001

JLARC



## JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

### PHASE I

#### Recommendation 5

*The Department of Social and Health Services and the Employment Security Department should collaborate on the development of a caseload staffing model that accounts for the differential complexity of characteristics, as well as risks of returning to assistance.*

#### Update Response:

DSHS engaged a consulting firm, Sterling Associates, to assist in building a staffing model, which was institutionalized within the agency. The model that resulted did not, however, take into account the complexity of the caseload and what it might take in terms of staff time and resources to serve clients who have been on the caseload for long periods of time and who require intensive services to remove barriers and enter the labor market.

ESD is considering the feasibility of conducting a caseload study to develop a staffing model. Over time, there have been significant changes to the client flow and participant needs that have affected services and service delivery.

The WorkFirst partners have developed tools for identifying the differential complexity of characteristics among participants. The tools, a few of which are described below, have helped staff to understand the issues participants face and identify action steps to help them progress ultimately into employment and financial stability.

1. The VIEW is an automated evaluation tool that staff use to evaluate and document the issues that participants face that are likely to prevent their success in the program. From asking some key questions in several relevant categories, WorkFirst workers can determine of issues and provide services that help address issues and increase the likelihood of success. The VIEW sets the stage for documentation of issues and actions taken, so that progress can be measured.
2. Returners Surveys are being used to determine the reasons why participants return to TANF after leaving the caseload. The responses give staff more information that allows them to direct participants into the most effective services. This information also helps the program to better address the issues that cause returns even before employment is obtained.
3. Formal case staffing is being used to methodically meet with participants and determine if all possible services are being provided to those who have been on TANF since "Day One" of WorkFirst. These staffings are also a source of information WorkFirst uses to re-evaluate the service delivery needs.

# JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

## PHASE II

### **Recommendation 1**

*The Department of Social and Health Services, Employment Security Department, Community Trade and Economic Development, and the State Board for Community and Technical Colleges should establish local interagency teams to lead, facilitate, and coordinate local area planning.*

#### **Update Response:**

Under the leadership of the WorkFirst partners, local planning process has grown from the original six regional planning teams into thirty-two local planning partnerships. The partnerships consist of DSHS Community Services Offices and the Division of Child Support, ESD's local WorkFirst staff and WPLEX, local community and technical colleges, the Workforce Development Councils, Community Jobs contractors, local tribes, and other community based partners. The structure of each planning area varies based on local service providers who offer transportation, housing, childcare, ESL and other contracted services, as well as others who serve WorkFirst participants.

An interagency operational workgroup, known as "sub-3," provides planning direction and communicates performance expectations to the local planning areas. The local planning areas work together to plan the service delivery design for their areas. They are also responsible to meet the program's performance expectations and to make corrective action when needed.

A performance award system has been instituted that gives cash bonuses to local planning areas for high performance in the program's performance measures. Each year, select local planning areas receive cash rewards that they can use for program enhancements, staff recognition, services to participants that are not otherwise covered by the program, capital purchases for the program, and other items.

The local planning process is continually monitored by sub-3 to ensure the program's outcomes are being met and that participants are receiving the services that they need. Site visits are conducted on an on-going basis so local planners and the program's policy makers can meet and discuss ways to improve services and enhance the program.

### **Recommendation 2**

*JLARC recommends that the Department of Social and Health Services (DSHS), Employment Security Department (ESD), Community Trade and Economic*

## JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

*Development (CTED), and the State Board for Community and Technical Colleges (SBCTC) develop a plan for improving the information systems which support the programs. This plan, and subsequent implementation strategies, should be directed by the sub-cabinet structure to ensure that the needs of all users are considered. Key components of the plan should include:*

- A. *Goals for the improved information systems, including the elimination of duplicative data.*
- B. *A timeline for each major milestone in the plan.*
- C. *Ideas for data sharing among state and local agencies and service providers.*
- D. *The identification of barriers to the sharing of data and recommendations for strategies to eliminate those barriers.*
- E. *The inclusion of end users, particularly local office staff in Department of Social and Health Services and Employment Security Department, in the development and implementation of the plan.*

### **Update Response:**

The WorkFirst partnership's plan for information systems is focused on three improvements:

1. Eliminate duplicative data entry
2. Increase access to data by agency and community partners
3. Ensure a high level of confidentiality of client information.

Field staff from both DSHS and ESD have been heavily involved in the design and development of the systems changes described below. An interagency users group has tested the various incarnations and provides the input needed to make the systems work for the benefit of staff and participants.

#### Duplication of Data

Advancements in technology have allowed WorkFirst to move quickly in the direction of making systems accessible for all partners, including the ability to input data. The technology changes, which vastly increase efficiency, have come rapidly, and will allow WorkFirst to address and eliminate the concerns of duplication of data entry and data sharing.

#### Sharing Data and Confidentiality

WorkFirst is taking advantage of the rapid technology changes to build the system using middleware technology to increase functionality as time goes on to meet the specific needs of staff and partners. These new models will allow WorkFirst to extend access to needed information and functionality while restricting access to confidential information as dictated by law or other factors.

## JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

### Recommendation 3

*To facilitate more comprehensive analysis of the impact of contracted services in the WorkFirst Program, the Department of Social and Health Services and Employment Security Department should identify benchmark levels of service delivery performance as mandated by the legislature.*

#### Update Response:

##### DSHS

DSHS has contracted for WorkFirst Services on a performance basis since the beginning of the program. The department is able to collect and report on the DSHS contractors' ability to meet "short-term outputs" as opposed to "long-term outcomes" through a report of the types of WorkFirst service provided by the contractor, and the payment points for outcomes achieved by the contractor. This report is provided to the legislature in January of each year.

DSHS is working to compare this data with actual client outcomes. The examination will evaluate a contractor's performance based on the client reaching one or more of the stated WorkFirst outcomes. These outcomes are listed below:

- Increase the number of placements into unsubsidized employment;
- Reduce the number of families dependent on TANF;
- Increase the number of families who remain self-sufficient;
- Increase job retention.

##### ESD

Significant changes have taken place in the contracts that ESD has administered since the beginning of the program. ESD is contracting now for completely different services than it has in the past. Whatever learning and baselining that has or would have taken place is no longer relevant.

This program year, ESD has taken the responsibility for virtually all retention and wage progression contracts, and has dropped nearly all of the other contracts it held in the past. In addition, ESD now contracts for apprenticeship opportunities for participants, which is also a new venture. The retention and wage progression services provided by WorkFirst are different in nature and scope than previous post-employment services.

Since the types of services being contracted for have completely changed from previous contracts, ESD is still in the process of finding out what works as far as performance measures and payment points go. As the process continues, Employment Security is planning to set standards for contracting costs and performance to establish baselines.

## JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

### PHASE III

#### **Recommendation 1**

*Clients should be introduced to post-employment service providers and their services prior to employment. The benefits of these services should be marketed to the employer as soon as the client is employed.*

#### **Update Response:**

WorkFirst has learned from experience that the earlier the intervention with clients regarding job retention and wage progression, the better the results. WorkFirst has incorporated the message about post-employment services into the WorkFirst services from beginning to end. Participants hear a clear and consistent message about post-employment services from the time they apply for TANF and throughout their participation.

Several tools have been developed and are used to deliver the message of post-employment services to participants. A series of colorful brochures have been designed and are used to introduce participants to all of the services available. Participants attend orientation sessions during which the brochures are covered and the information is reinforced orally by staff.

WorkFirst has just produced a revised orientation videotape that makes a powerful statement regarding the services available and the value of services, including post-employment services, to the participants. The videotape uses real WorkFirst participants to tell their stories about the services they got that helped them. Several of the participants tell of their experiences being assisted to move into better paying jobs after they had taken an entry-level job.

Once a participant goes to job search the program message of post-employment services is reinforced. Participants are introduced to job success coaches during job search, before they are employed. The coaches work with participants after they go to work to help them stay on the job and to put strategies together to advance in wages over time.

Employer relations have always been important to the program and WorkFirst policy makers consider the employer perspective when developing new initiatives. Focus groups with employers were held prior to the design of the post-employment services. During these focus groups, employers shared their needs and level of commitment to partnering with the program to assist participants.

Based on their input, post-employment services were designed to include a way for staff to interact with employers after participants go to work, to help them stay employed and move up. Job success coaches get participants' permission to contact their employers while they are in job search, and make contact soon after

## **JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response**

they go to work. The employers are told of the benefits to them and are encouraged to work with the program to assist participants learn on the job and perhaps move them into higher paying jobs over time.

### **Recommendation 2**

*Job search and job retention efforts need to emphasize the ongoing development of basic job skills.*

#### **Update Response:**

Using continuous quality improvement principles, WorkFirst has revitalized its job search services to ensure participants are receiving the best services. The program has researched best practices on a nationwide basis to find the service delivery design that best meets the needs of participants. We have also learned from our own successes in putting people to work.

Job club curricula were developed and implemented statewide as part of WorkFirst's job search activities. Job club sessions are group, classroom sessions where participants learn about time management, how to handle difficult situations at work, the importance of keeping a job once they get employed, as well as other topics that relate to successfully transitioning into the world of work.

During job search, WorkFirst participants develop a success plan that outlines the steps they will undertake to stay employed and move up the career ladder. Emphasis is placed on the needs of employers and what they expect from employees. Job success coaches work with participants and employers once participants become employed. The job coach works with participants to reinforce the behaviors that employers want and expect. They assist in a variety of services that support the transition to the world of work. WorkFirst will continually revitalize and refresh the job search and retention activities to ensure participants are receiving the valuable services and information they need to succeed.

### **Recommendation 3**

*Re-employment of clients, and the speed at which clients are re-employed, should be counted as a performance measure.*

#### **Update Response:**

WorkFirst has put into place operations measures that mark the length of time it takes participants to get into job search, either as new applicants or returners to TANF. These measurements take into account those who have lost employment and require re-employment services. The operations measures also include the

## JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

length of time it then takes participants to go to work after entering job search. These new measures are intended to enhance the program's ability to meet its caseload reduction and other goals by increasing the number of participants getting job search services and the speed at which they find a job.

### **Recommendation 4**

*The current organizational structure that treats job retention separate from wage progression should be eliminated and the two efforts viewed as part of one post-employment service.*

### **Update Response:**

From its inception, WorkFirst's goals have been to lift families out of poverty through employment, which meant serving them far beyond the initial entry into the labor market. There was no system to build on or use as a model as this was brand new territory for a welfare program to operate in. Washington WorkFirst has developed a comprehensive post-employment system of services that holistically helps TANF and former TANF families with the issues that make it difficult for them to stay employed and move up the career ladder.

One main part of WorkFirst's post-employment efforts is the Job Success Coach Initiative (JSCI). JSCI connects participants with personal job success coaches who begin working with them when they become employed and stay with them through the challenges of staying on the job and taking steps to improve their skills and get better paying jobs. WorkFirst considers job retention and wage progression as being so closely related that they cannot be separated into program components.

Other post-employment strategies, such as Working Connections Childcare, Work-Based Tuition Assistance, the WorkFirst Post-Employment Labor Exchange telephone call center, and other programmatic elements, all ensure participants can conveniently access all of the social services, support services, retention and progression services that they need. The program is completely committed to helping families advance out of poverty and into financial stability and offers a wide variety of services that are designed to address the specific needs of working families in a unified, comprehensive service delivery system.

### **Recommendation 5**

*The Department of Social and Health Services should report back to JLARC on the impact of Early Exit Bonus payments on caseload reduction. The report shall include an analysis of how many clients who received the bonus returned to the caseload, and how quickly they returned, compared to clients who did not receive the bonus, left the caseload, and share similar caseload characteristics.*

## JLARC WorkFirst Evaluation Follow-up WorkFirst Agencies' Response

### Update Response:

DSHS reviewed the records of clients who received Early Exit Bonuses in April, May, and June 2000 to see how many had returned to TANF at some point within the following six months. DSHS then compared this data to clients who had left TANF without receiving a bonus and found that Early Exit Bonus customers are remaining off TANF longer and returning in smaller percentages than non-Early Exit Bonus customers.

Specifically, a review of the data indicates the Early Exit Bonus customers who returned remained off for an average of 3.15 months as compared to the non-Early Exit Bonus customers who remained off for 2.79 months. The return rate at the end of six months for Early Exiters was 25.6% compared to the non-Early Exiters return rate of 28.9%. (See attached chart.)

These data would suggest that the Early Exit Bonus has had some positive effects. WorkFirst is reviewing the policy, however, to see if the policy can be improved to help customers stay off TANF longer and further reduce the incidence of returns.

**Comparison of Six Month Return Rates of TANF Exits  
Non-Early Exit Bonus (EEB) v. EEB  
April 2000 - June 2000**

Exit Month	Case Type	All Exits	Returned in Six Months		Months to Return							No Return in Six Months	
			#	%	1	2	3	4	5	6	Avg # Months Off TANF	#	%
Apr-00	Non-EEB	6,059	27.1%	475	341	288	210	187	142	2.83	4,416	72.9%	
	EEB	302	25.5%	23	10	14	10	13	7	3.01	225	74.5%	
May-00	Non-EEB	6,022	28.9%	528	363	313	205	184	145	2.76	4,284	71.1%	
	EEB	555	25.2%	22	37	25	19	21	16	3.20	415	74.8%	
Jun-00	Non-EEB	5,989	30.8%	557	428	284	217	166	194	2.78	4,143	69.2%	
	EEB	709	26.0%	32	43	36	28	24	21	3.17	525	74.0%	
All Months	Non-EEB	18,070	28.9%	1,560	1,132	885	632	537	481	2.79	12,843	71.1%	
	EEB	1,566	25.6%	77	90	75	57	58	44	3.15	1,165	74.4%	

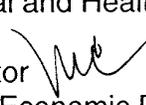


STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT  
PO Box 9046 • Olympia, WA 98507-9046

RECEIVED  
MAY 25 2001  
JLARC

May 18, 2001

FROM: Dennis Braddock, Secretary   
Department of Social and Health Services

Martha Choe, Director   
Office of Trade and Economic Development

Earl Hale, Executive Director   
State Board for Community and Technical Colleges

Sylvia Mundy, Commissioner   
Employment Security Department

TO: Thomas M. Sykes, Legislative Auditor  
Joint Legislative Audit and Review Committee

SUBJECT: WorkFirst Evaluation Follow-up

We have received the follow-up questions to our response of the original JLARC request and have provided the additional information requested. The follow-up document is attached.

As always, we are very appreciative of the work that JLARC has performed in evaluating our program, and the information obtained in the process.

If you need additional information, please contact Phyllis Lowe (DSHS) at 360-413-3200, James Shober (ESD) at 360-438-3221, Paul Knox (OTED) at 360-725-4140 or Mike Porter (SBCTC) at 360-753-3650.

Attachment



## Joint Agency Responses

### *Phase 1, Recommendation 5, Caseload Staffing Model*

#### **Response:**

WorkFirst provides services directly to clients through state agency staff and contractors. The Sterling staffing model focused on efforts of staff from a single agency. Evolution of the program has seen responsibility for specific services shift from agency to agency and new initiatives represent a greater role for contractors. The Sterling model provided useful information when it was completed. However, the Sterling approach did not take into account the complexity of the caseload.

As agency responsibility has changed, the model has become less and less a driver in decision making. Most recently, in part as the result of caseload declines and related budget issues, the DSHS FTE level for direct services has been reduced. This staffing model is one of many factors in making decisions. Caseload decline is one of the big factors, independent of the characteristics of the cases. In addition, DSHS has increased the use of technology, is simplifying its eligibility process and is intensifying case management for those most difficult to serve, all of which factor into the staffing decisions.

### *Phase 2, Recommendation 2, Information Systems Plan*

#### **Response:**

WorkFirst has been moving forward with developing its electronic information systems as the program progresses. WorkFirst's plan was to test the use of new technology as a tool to modernize, improve, expand access, and eliminate duplicate data input in the development of these systems. The timing was right to move forward quickly, and it gave us the advantage of being able to design and develop changes that have enhanced the program.

At this stage, the program sees the benefits of having a jointly constructed and managed plan for the further development and implementation of our information systems and electronic enhancements. The partners, but principally DSHS and ESD, have begun to develop a plan with tasks, timelines and expectations that will take us through the continued development of our systems. The projected date for completion of the plan is July 1, 2001.

The goals for development and improvement of our information systems and electronic tools remain the same, including improving access by all partners to the information they need and eliminating duplication of effort. The plan includes improving access for college staff, tribes, Community Jobs staff, Job Success contractors and other partners.

### ***Phase 2, Recommendation 3, Contract Benchmarks***

#### **Response:**

The types of services that the agencies contract for have significantly changed in the last one to two years, making any previous benchmarking irrelevant to our current situation. Now that the contracting is becoming more stable and the types of contracted services won't change as drastically, the agencies can begin to establish meaningful benchmarks for continued evaluation of the system.

DSHS and ESD have committed to hiring a consultant to assist us in building a model by which we will be able to establish benchmarks for contracts. This will be accomplished within a reasonable amount of time allowing us to determine our needs and hire a contractor.

### ***Phase 3, Early Exit Bonus***

#### **Response:**

DSHS began the early exit bonus anticipating both up-front and back-end benefits. Before we offered the bonuses, clients with grants of \$100 or less would stay on assistance and receive TANF grants for a few more months before exiting. In terms of these up-front benefits, the bonus has been cost-neutral as it has encouraged many clients to leave assistance sooner and bank months of TANF.

The department also anticipated back-end benefits if early exit bonus recipients not only left TANF sooner - but stayed off TANF longer. Data shows, however, that the early exit bonus has not reduced the TANF return rate to the extent we originally expected.

The department is currently deciding how to change policy to increase the likelihood of reduced TANF returns. The policy change under consideration would provide job coach services to all early exit bonus clients and pay the EEB payment in two installments - at exit and after 90 days of employment.